

**BILL #** HB 2088

**TITLE:** well administration and enforcement

**SPONSOR:** O'Halleran

**STATUS:** As Amended by House Natural Resources,  
Agriculture, Water and Native American Affairs

**REQUESTED BY:** House

**PREPARED BY:** Jason Hampton

	<b>FISCAL YEAR</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>EXPENDITURES</b>			
Well Administration and Enforcement Fund	\$-0-	\$ 720,000	\$ 720,000
<b>REVENUES</b>			
General Fund	\$-0-	\$ (55,000)	\$ (55,000)
Well Administration and Enforcement Fund	\$-0-	\$ 720,000	\$ 720,000

## **FISCAL ANALYSIS**

### **Description**

HB 2088 increases the administrative fees associated with drilling or deepening a well from \$10 to \$150, and permits miners who drill multiple wells on the same section of land to file a single Notice of Intention (NOI). Under the bill, revenues generated from the fees would be deposited into a newly created non-appropriated Well Administration and Enforcement Fund. These monies would be available to the department for administrative costs and enforcing well regulations.

### **Estimated Impact**

HB 2088 redirects the administrative fees required for drilling or deepening a well from the General Fund to the newly created Well Administration and Enforcement Fund. The JLBC Staff estimates that the redirection of this money will decrease annual General Fund revenues by approximately \$(55,000). The Department of Water Resources (DWR) estimates that under HB 2088 there will be approximately 4,800 well drilling or deepening requests filed annually. In addition, they estimate revenues in the Well Administration and Enforcement Fund to total \$720,000 in FY 2004.

### **Analysis**

Under current law, DWR is responsible for processing well drilling or deepening requests and enforcing well regulations. They currently charge \$10 for each of the 5,500 processing requests they receive annually. The annual revenue generated (\$55,000) from the fee is deposited into the General Fund. HB 2088 increases the administrative fee to \$150 and diverts the revenue from the General Fund to the non-appropriated Well Administration and Enforcement Fund..

HB 2088 does not change the DWR's responsibilities regarding well filing administration and well regulation enforcement. The JLBC Staff therefore does not anticipate any additional General Fund cost from HB 2088. It is projected, however, that the department will receive approximately \$720,000 in filing fees that will be deposited in the non-appropriated Well Administration and Enforcement Fund. These monies would be available for expenditure by the department for administrative costs and enforcing well regulations.

(Continued)

**Analysis (Continued)**

According to DWR, the average costs for drilling or deepening a domestic well can range from \$6,000 to \$30,000, depending on the depth needed to reach usable water. They estimate that the HB 2088 fee increase should have a minimal impact on the decision to drill a well, and the number of drilling requests filed annually should drop by approximately 13% (from 5,500 to 4,800). The 13% drop is consistent with their estimate of the number of people who file drilling requests for exploratory purposes only. The department estimates that the fee increase may dissuade people who file drilling requests for exploratory purposes, but will not effect the number of people who definitely intend to drill a well. With the fee increase, DWR anticipates revenue to the Well Administration and Enforcement Fund to total \$720,000 annually.

**Local Government Impact**

None.

2/27/03